

Message Text

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12

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R 110332Z DEC 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 8275

INFO AMEMBASSY ABU DHABI

ALEMBASSY LONDON 1673

AMEMBASSY MANAMA

C O N F I D E N T I A L KUWAIT 4300

E.O. 11652 GDS

TAGS: BEXP ETRN PFOR TC

SUBJ: DUBAI DRY DOCK PROJECT

SUMMARY: MCMULLEN DESCRIBED HIS PROBLEMS WITH DUBAI RULER AND UAE AMBASSADOR IN LONDON IN TRYING TO HOLD ON TO MANAGEMENT ROLE IN DUBAI DRY DOCK PROJECT. WE AGREED CONTINUE TO DO WHAT WE COULD TO HELP. MCMULLEN SAID HE ALSO PURSUING SEVERAL OTHER OPPORTUNITIES IN GULF, INCLUDING POSSIBLE CONTRACT WITH BAHRAIN DRY DOCK, AND IS SERIOUSLY THINKING OF ESTABLISHING OFFICE IN KUWAIT. END SUMMARY.

1. JOHN MCMULLEN, HEAD JOHN MCMULLEN ASSOCIATES, CALLED ON ME TODAY AND PROVIDED STATUS REPORT ON DUBAI DRY DOCK PROJECT. HE DISCRIBED HIS CONTINUING PROBLEMS WITH UAE AMBASSADOR IN LONDON TAJIR WHO HAS ALWAYS OPPOSED MCMULLEN IN PROJECT MANAGEMENT ROLE DESPITE FACT RULER OF DUBAI RASHID HIMSELF PROMISED IT TO MCMULLEN. ACCORDING MCMULLEN, TAJIR AGAINST HIM BECAUSE HE TOOK GALEDARIS AS PARTNERS. MCMULLEN SAID HE HAS LEARNED THE HARD WAY THAT "NOTHING CAN BE DONE IN DUBAI UNLESS YOU GO THROUGH TAJIR." MCMULLEN INDICATED SOME US BANKS AND OIL COMPANIES MAY WITHDRAW SUPPORT FOR DUBAI DRY DOCK IF MCMULLEN FORCED OUT. IN FACT TAJIR CURRENTLY TRYING TO PUT TOGETHER NEW FINANCIAL PACKAGE
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AND HAS GOTTEN SHAIKH RASHID ONCE AGAIN TO GUARANTEE LOAN WITH

DUBAI OIL. MCMULLEN DESCRIBED CURRENT ESTIMATED \$220 MILLION COST AS GROSSLY INFLATED. ORIGINAL ESTIMATE WAS \$125 MILLION AND MCMULLEN DOES NOT BELIEVE PROJECT SHOULD COST MORE THAN \$150 MILLION.

2. MCMULLEN SAID THERE REMAINS 50-50 CHANCE RASHID WILL KEEP HIS WORD AND ALLOW HIS FIRM ACT AS OVERALL SUPERVISOR, ALTHOUGH IN ADDITION TAJIR, HE SAID, BRITISH FIRMS OPPOSE HIM FOR FEAR MCMULLEN ORGANIZATION WILL LEARN OF VARIOUS FINANCIAL AND PAYMENTS ARRANGEMENTS THAT HAVE BEEN MADE. HE DESCRIBED CONTEMPTUOUSLY TAJIR'S "CONTROL" OF UK FIRMS, PARTICULARLY COSTAIN.

3. MCMULLEN URGED USG SUPPORT, PARTICULARLY THAT WE CONTINUE IMPRESS SHAIKH RASHID WITH HIS OBLIGATION KEEP WORD GIVEN MCMULLEN. I EXPLAINED RASHID'S CONSTANT COMPLAINT, WHENEVER WE URGE GREATER OPPORTUNITIES FOR US BUSINESS IN DUBAI, ABOUT LACK OF US COMMERCIAL OFFICE IN HIS CAPITAL. HOWEVER, I ASSURED MCMULLEN WE CONSIDERED HIS BUSINESS VENTURE IN DUBAI IMPORTANT AND WE WOULD HELPPROMOTE IT WITH RASHID.

4. HERE IN KUWAIT, WHERE MCMULLEN HAS WON CONTRACT WITH ARAB MARITIME PETROLEUM TRANSPORT COMPANY, MCMULLEN HAS BEEN TOLD BY PEOPLE AT AMPTC THAT IF COMPANY WITHDRAWS FROM DUBAI PROJECT, THERE MAY BE GOOD CHANCE FOR CONTRACT WITH RECENTLY APPROVED BAHRAIN DRY DOCK. MCMULLEN ACTIVELY PURSUING SEVERAL OPPORTUNITIES IN GULF AND HE THINKING OF ESTABLISHING OFFICE IN KUWAIT.

5. COMMENT: MCMULLEN SOMEWHAT DISCOURAGED AT TURN OF EVENTS IN DUBAI AND HE APPEARS BAFFLED BY TAJIR'S SLIPPERINESS. HE BELIEVES KEY IS TO WIN OVER TAJIR. AT SAME TIME HE HAS SOME FAITH THAT RASHID WILL HONOR WORD. MCMULLEN, WHO ALSO OWNS 15 PERCENT DUBAI DRY DOCK, DOES NOT RPT NOT INTEND QUIT AND HE HOPEFUL THAT AFTER FINANCIAL ARRANGEMENTS HAVE WORKED OUT, HIS COMPANY WILL BE ALLOWED BACK IN BALL GAME. WE WILL CONTINUE DO WHAT WE CAN TO SUPPORT MCMULLEN.
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